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RESTRUCTURING AND REVITALIZATION OF THE UNITED NATIONS IN THE ECONOMIC, SOCIAL AND RELATED FIELDS

Letter dated 13 June 1995 from the Deputy Permanent Representative of India to the United Nations addressed to the Secretary-General

I have the honour to forward herewith the Chairman's summary of the consultations on prospective new modalities for financing operational activities for development, held on 24 March 1995 (see annex).

I shall be grateful if the summary is circulated as an official document of the General Assembly under agenda item 43.

(Signed) T. P. SREENIVASAN
Deputy Permanent Representative
Chairman
Consultations on Funding for
Operational Activities for Development

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ANNEX

Chairman's summary of consultations on prospective new modalities for financing operational activities for development

1. The third consultation on prospective new modalities for financing operational activities for development was convened on 24 March 1995 under the chairmanship of Ambassador T. P. Sreenivasan (India). The Chairman made an introductory statement and referred to the report of the Secretary-General (A/49/834), which was before the open-ended consultation. He noted that it clearly established the need for a new modality of financing operational activities and offered clear options in that regard. He expressed the hope that the necessary political will and courage existed in order to move forward on the question in the course of the consultation. The Chairman indicated that it might be useful to deal with questions of predictability and continuity of funding first, and then move to questions of achieving substantial increases in resources. He drew attention to the suggestion contained in the report that part of the administrative costs of the funds and programmes of the United Nations could be considered for financing through assessed contributions.

2. The representative of the Department for Policy Coordination and Sustainable Development, in introducing the report of the Secretary-General (A/49/834), stated that it was prepared in close consultation with the funds and programmes of the United Nations and in response to a number of specific requests formulated by Governments at their consultation on 26 October 1994. Moreover, in response to the recent request by the European Union, additional provisional data on core and non-core resources were being provided. He noted that the report dealt primarily with two issues: experience, practice and possible suggestions for determining the resource requirements of developing countries that could be met through the United Nations system; and possible options for improving the current system of funding operational activities. He provided an overview of the three options contained in the report and expressed the hope that progress could be made on those questions.

3. In a broad range of statements, Governments reiterated the importance they attached to operational activities for development within the United Nations system. It was observed that there was a need to increase resources substantially commensurate to the needs of developing countries. At the same time, concern was expressed at the continuing decrease in the level of core resources assigned to the United Nations system. There was wide acknowledgement of the financial difficulties facing the funds and programmes of the United Nations and, therefore, of the need to find solutions.

4. The importance of the requisite political will for a substantial increase in resources on a predictable, continuous and assured basis was reiterated. Such political will was considered to be a key precondition to an effectively functioning funding system.

5. Developing countries observed that they had shown their strong support for multilateral development assistance provided through the United Nations system

by establishing cost-sharing agreements, by covering the expenses of local United Nations system field offices and by making voluntary pledges.

6. Other delegations reaffirmed their strong support for operational activities and noted increases in support as a result of the International Conference on Population and Development. Mention was made of continuing strong political support for United Nations development cooperation as evidenced by steady, annual increases in resources.

7. A number of delegations expressed their readiness to examine all options contained in the report of the Secretary-General (A/49/834). In general, delegations indicated that the report offered a good basis for looking at various options and that it responded to the questions raised at the previous consultation. Suggestions were made on the best way to organize the examination of options, including by looking at the likely impact of each option on the overall level of funding and on the level of contributions. A suggestion was made that the impact of various options might best be explored on the basis of different scenarios. As an illustration, a table was distributed containing assumptions on financing support to the United Nations system and aid coordination (DP/1995/15, p. 12, line 3.0) through a system of assessed contributions based on the United Nations scale of assessments. It was also suggested that other issues might usefully be explored, including "flow-back" of resources to various countries, and questions relating to categories of administrative costs and their possible inclusion in an assessed system of contributions.

8. Other delegations expressed their preference for the current, voluntary system. Suggestions were made in that connection about areas that might be explored to strengthen the current system. Issues of achieving greater cost efficiency were mentioned as being particularly important to maintaining and generating political support for operational activities. A suggestion was made about considering new partnerships with non-governmental organizations and other private sources.

9. A number of delegations expressed concern about the option of utilizing assessed contributions and other forms of mandatory systems of contributions. The fear was expressed that a mandatory approach that did not command the full support of all parties might be counter-productive to achieving the goal of predictability and increase in resources. It was noted out that other bodies also dealt with matters relating to assessed contributions and, if that option was to be pursued, some linkages to the work of those other bodies would be needed. Moreover, the issue of defining and utilizing appropriate indicators for establishing contribution formulas was mentioned.

10. The outcomes of the International Conference on Population and Development and the World Summit for Social Development were mentioned and, in particular, their call for greater resources for developing countries. Reference was made in that connection to the need for taking into account the absorptive capacity of developing countries, as well as their priority needs. Reference was also made to General Assembly resolution 47/199 of 22 December 1992, and the importance of enhancing the efficiency and effectiveness of operational

activities was stressed, as well as the need to relate administrative costs to the level of programme resources.

11. Concerning the consultation process, it was suggested that it might proceed in the first instance on a more informal, open-ended basis. The delegation of India agreed to convene an open-ended working group, which would consider, inter alia, more complete data to help assess the impact of various options.

12. It was agreed that the Chairman would prepare a summary of the consultation and consult various delegations thereon. He asked the representative of India, Mrs. Mitra Vasisht to convene an open-ended working group in preparation for the next consultation, provisionally scheduled for mid-May.